



April 10, 2025

Via Electronic Delivery

Ronald W. Smith, Corporate Secretary
Municipal Securities Rulemaking Board
1300 I Street, NW, Suite 1000
Washington, DC 20005

Re: Comments Concerning MSRB Notice 2024-15
Concept Release: MSRB Requests Comment on Potential Modernization of Municipal
Fund Securities Disclosure Obligations

Dear Mr. Smith:

Ascensus is pleased to have this opportunity to comment on MSRB Notice 2024-15, *Concept Release: MSRB Requests Comment on Potential Modernization of Municipal Fund Securities Disclosure Obligations* issued December 11, 2024 (the “Notice”). Ascensus is the largest recordkeeper and third-party administrator of qualified tuition programs under Section 529 of the Internal Revenue Code (“529 plans”). We have 8 million 529 plan savers and more than \$250 billion in assets under administration, across 52 plans. Additionally, we have over 50,000 ABLÉ savers and nearly \$800 million in assets, across 23 Achieving a Better Life Experience programs under Section 529A of the Internal Revenue Code (“ABLE plans”), including 19 plans which are part of the National ABLÉ Alliance. Across the 529 and ABLÉ plans that it services, Ascensus works with 37 states and the District of Columbia.

Our comments first address the MSRB’s review of Rule G-32 regarding disclosures in connection with primary offerings. We are pleased to share our thoughts on the proposal by responding to Questions 1 – 9 on Potential Amendments to Rule G-32. Additionally, we address the MSRB’s review of Rule G-47 regarding time of trade disclosure requirements by responding to Question 3 on Potential Stand-Alone Time of Trade Rule.

Official Statement Dissemination Modernization

Ascensus supports the MSRB’s efforts to modernize the disclosure delivery standard for municipal fund securities and its outreach to stakeholders to solicit comment on this topic. Given the near-ubiquity of internet use and an increased reliance on and preference for internet-based communication and financial transactions among the general public, we agree that most customers will appreciate a transition to e-delivery.¹ We also support maintaining an opt-in choice for paper delivery, for those customers who prefer to receive a physical document.

¹ See Concept Release: MSRB Requests Comment on Potential Modernization of Municipal Fund Securities Disclosure Obligations at pages 12 – 14 under C. Industry Input and Research on Investor Preference.

Ascensus believes that a modified implementation of the Access Equals Delivery Alternative – one that requires dealers to notify customers of the posting of plan disclosure documents² on EMMA³ and on the plan’s public website – would best serve the needs of 529 and ABLER plan account owners, as discussed more fully below. This proposal is consistent with the alternative proposed in the letters submitted by the College Savings Plans Network (CSPN) and ABLER Savings Plans Network (ASPN), respectively.

1. Should the MSRB modernize the disclosure delivery standard for municipal fund securities by implementing one of the two alternatives identified above? Is there another standard, other than the two alternatives noted above, that should be considered by the MSRB at this time?

We believe that the MSRB’s Access Equals Delivery Alternative, with the proposed modifications discussed below, would best modernize the disclosure delivery standard for municipal fund securities. We propose that the delivery requirement be considered met by advising a customer by written notice how to obtain the official statement from EMMA and the plan’s website, rather than from EMMA alone.

Although EMMA functions as a source for 529 and ABLER information, directing customers to access the official statement from the plan’s public website would also be beneficial. The average 529 or ABLER investor likely has little knowledge of the regulatory systems governing the plans they invest in and therefore lacks familiarity with EMMA and the MSRB. Customers, however, are aware of and familiar with the websites for the plans they invest in and often visit plan websites to maintain and update their accounts, as many transactions can be conducted online. They are also accustomed to being directed to view the plan website for more information, including using it to view disclosure documents.

It is worth noting that under SEC Rule 498, mutual funds may satisfy the statutory prospectus delivery requirement by making such prospectus available online, along with delivering a summary prospectus to investors. Companies typically make their statutory prospectus available online by posting it to their own websites. Because this methodology has already proven feasible for mutual fund prospectus delivery, we believe it will also serve as an acceptable method for e-delivery of disclosures for municipal fund securities.

While we agree that the Access Equals Delivery Alternative is a satisfactory substitute to the current standard, we respectfully request that the MSRB consider allowing the written notice to direct customers to EMMA and to the plan website to meet the delivery requirement. An additional alternative for the MSRB to consider would be requiring a written notice that directs customers to either EMMA or the plan website to meet the delivery requirement.

² Throughout our response, we use the terms official statement and disclosure documents interchangeably to refer to disclosures of key information to customers concerning transactions involving a purchase or sale of a municipal fund security.

³ Note that posting disclosure documents to EMMA does not imply that state sponsors of 529 and ABLER plans are directly subject to the oversight of the MSRB.

2. Which delivery alternative best supports investors' ease of access to information and would heighten their sense of awareness of the importance of an official statement? Please explain.

As stated in our response to Question 1, we believe allowing dealers to meet the delivery requirement by directing investors to the official statement on the plan's website and EMMA will best support investors' ease of access to information and sense of awareness of the importance of the official statement. Notifying customers each time an official statement or amendment is available online will heighten their awareness of the importance of these statements, and because investors regularly access the plan website for general account updates, accessing disclosure documents there offers easy and convenient access to important disclosure information.

3. Would investors, dealers, or issuers experience any new burdens under either of the two alternatives identified above?

We believe that under each of the alternatives the MSRB has proposed, certain new burdens would be experienced by investors, dealers, or issuers. However, we believe the modified alternative that we have proposed would alleviate these burdens.

First, as noted above in our response to Question 1, 529 and ABLER account owners are likely unfamiliar with the MSRB and EMMA. Therefore, directing investors to an unfamiliar website in order to access the disclosure documents would place an undue burden on them. As we proposed in our response to Question 1, we believe directing customers to the plan website in addition to EMMA would reduce uncertainty and confusion for investors who have not previously utilized the EMMA website.

Additionally, we believe that investors would experience new further burdens if the Supplemental-Layered Disclosure Alternative proposal was implemented. The "mixed delivery" structure of the initial official statement arriving on paper with subsequent statements defaulting to online access could confuse customers as to the method of delivery of subsequent disclosure documents. We favor a modified Access Equals Delivery standard as discussed above, as it will be more consistent for investors, dealers, and issuers.

Either of the proposed alternatives would likely require dealers and issuers to enact corresponding technology changes. For example, updates to systems may be required to allow customers to opt-in to paper delivery of disclosure documents. We do not believe, however, that these technological enhancements would be overly burdensome so as to outweigh the benefits of switching to an e-delivery standard.

4. Are there alternative disclosure delivery standards, other than those identified above, for an official statement that would improve investors' comprehension of disclosures and access to information while reducing dealers' cost burdens related to paper-only disclosure delivery?

We believe that the alternative disclosure delivery standard which we proposed in our answer to Question 1 would best improve investors' comprehension of disclosures and access to information while reducing dealers' cost burdens.

5. What percentage of municipal fund securities customers (including 529 savings plans, ABLÉ programs, and LGIPs) currently rely on paper-only delivery versus using the opt-in e-delivery of disclosure documents? Please respond with data, if available, grouped by direct-sold plans and advisor-sold plans.

The following data on 529 plans is drawn from the CSPN comment letter. A survey involving eighty 529 plans (including those serviced by Ascensus), representing over 12 million accounts (75.3% of all 529 accounts) shows that only 27% of 529 plan account owners rely on paper delivery of disclosure documents. Conversely, a sizable majority of account owners are increasingly comfortable with e-delivery:

- 92% of 529 account owners have valid email addresses associated with their accounts.
- 92% of account owners are registered on their plan's online platform.
- 81% of accounts opened in 2023 were opened online.
- 84% of contributions made in 2023 were made online.
- 90% of withdrawals made in 2023 were made online.
- 73% of 529 account owners have established e-delivery as their preferred method of receiving disclosure documents.

The following data on ABLÉ plans is drawn from the ASPN comment letter. A survey involving 30 ABLÉ plans (including those serviced by Ascensus), representing over 120,000 accounts (89.37% of all ABLÉ plan accounts), shows that only 16% of ABLÉ plan account owners rely on paper delivery of disclosure documents. Conversely, a sizable majority of account owners are increasingly comfortable with e-delivery:

- 99% of ABLÉ account owners have valid email addresses associated with their accounts.
- 99% of account owners are registered on their plan's online platform.
- 78% of accounts opened in 2023 were opened online.
- 83% of contributions made in 2023 were made online.
- 89% of withdrawals made in 2023 were made online.
- 84% of ABLÉ account owners have established e-delivery as their preferred method of receiving disclosure documents.

6. Noting that some customers are currently availing themselves of the e-delivery standard (notice, access, and evidence to show delivery) for receipt of plan disclosure documents by dealers, as provided for by the 1998 Guidance, what additional costs or burdens, if any, would be alleviated for dealers?

Switching from an opt-in to a default e-delivery standard would significantly reduce paper and postage costs for dealers, as it would expand e-delivery to 529 and ABLÉ customers who have not yet opted in to e-delivery. Currently, customers must either sign up for e-delivery during enrollment or actively change their delivery preference at a later time. For various reasons, a customer who prefers e-

delivery might not have opted into the service. Some may have opened the account by paper years ago and never signed up for online access, some may not be aware of how to update their delivery preference, and some may not even know that e-delivery is an option.

Municipal fund security disclosures are often 100 pages or longer and therefore expensive to print and send. For example, it costs approximately \$5.12 to print and mail an over 100-page disclosure document to each customer not enrolled in e-delivery in plans serviced by Ascensus. This illustrates the significant costs which could be alleviated by making e-delivery the default for all customers. It is likely that dealers regularly waste paper and postage to send lengthy documents to customers who may not even desire a paper delivery. Making paper delivery the opt-in choice would ensure that costs are only spent on those customers who still actively desire a paper delivery, rather than those who have not updated the preferences in their account but would welcome e-delivery.

7. While the findings from the Pew Study and SIFMA e-Delivery YouGov Survey indicate an increased reliance on the internet and growing investor preference for delivering investor communication through e-delivery, are there any additional data and statistics specifically with respect to retail investor’s preference for e-delivery of investor communication for municipal fund securities, as a whole or for particular types of municipal fund securities (i.e., 529 savings plans, ABLE programs), that would provide further insight for assessing the advisability of either alternative approach to e-delivery?

As we discussed in our response to Question 5, a significant majority of 529 and ABLE account owners prefer e-delivery. For 529 account owners, 92% have registered for online access to their accounts and 73% receive at least some plan documents via e-delivery. For ABLE account owners, 99% have registered for online access to their accounts and 84% receive disclosure documents via e-delivery.

8. Investors in LGIPs are governmental entities rather than traditional retail investors. Is there information comparable to the retail usage information described above, or differences in the nature of the investors or the LGIP product, that would be helpful in understanding the fitness of electronic disclosure for such investors?

Ascensus has no dealings with LGIPs, and therefore cannot comment on the availability of usage information or differences in the nature of the investors or the product.

9. The MSRB notes that it cannot require issuers of municipal fund securities to prepare summary disclosures, similar to the summary prospectus permitted by the Commission for mutual funds. Still, the MSRB is interested in learning whether investors in municipal fund securities would benefit from a similar approach where, if an issuer chooses to prepare one, a summary official statement provided electronically would satisfy the requirements with respect to the delivery of the final official statement, if certain conditions are met. Given that most 529 savings plans and ABLE programs consist primarily of underlying mutual fund options, the MSRB is interested in whether satisfying delivery obligations through a summary disclosure document is feasible for municipal fund securities.

We do not believe that issuing a summary disclosure for municipal fund securities in addition to the regular disclosure obligation would be beneficial for investors. First, we do not feel that it is possible to create a shortened summary disclosure that mirrors the concise style of a shortened summary prospectus for a mutual fund. While mutual fund summary prospectuses generally cover the objective, fees, strategies, and risks of a single fund or a family of funds with similar attributes, most 529 and ABLE plans invest in a dozen or more different mutual funds with varied investment objectives, which would all need to be covered by the summary disclosure along with a summary of material aspects of the overall program. It would therefore be difficult to create a shortened document which also effectively covers the salient details of a program and every investment option available to customers in a concise, accurate and transparent manner. Further, the maintenance of a summary document in addition to the regular disclosure would place an increased burden on issuers of the plans, dealers, and distributors. Unlike mutual fund prospectuses which are generally updated once annually, disclosure documents are updated sporadically with supplements and rewrites, sometimes multiple times in the same year. The addition of a second disclosure document would effectively double the work necessary to keep both documents up to date and aligned with each other and also increase the risk of inconsistency between the documents. Therefore, we do not believe it would be beneficial to investors for issuers to prepare a summary disclosure for municipal fund securities.

Time of Trade Disclosure Obligation with Respect to Municipal Fund Securities

Ascensus is in agreement with the position expressed in the CSPN response letter on modernization of time of trade disclosure obligations. We do, however, wish to provide additional context on Question 3, as discussed below.

- 3. In response to the 2023 RFC, the my529 Letter noted that clarity is needed around any disclosure requirement given anyone is allowed to contribute to a beneficiary's 529 plan account (e.g., gifting platform, grandparent, friend, aunt, etc.). The MSRB is interested in understanding how third-party contributions work in municipal fund securities. For example, how are contributions made through a gifting platform such as a gift card or a direct gift contribution into a 529 savings plan or ABLE account? Is it clear to market participants when the time of trade disclosure obligation would be triggered, and to whom such disclosure is required to be made, in these third-party scenarios? Are there any operational or other aspects of third-party contributions that create burdens in applying the disclosure obligation for such third-party contributions?**

While we do not believe that a disclosure requirement is needed when a third-party contribution is made on a gifting platform, we agree with CSPN's position that it is best practice to provide some disclosure to contributors about the nature of the relationship between a 529 plan and a third-party giver. On Ascensus's proprietary gifting platform, Ugift[®], used in all the 529 and ABLE plans we service, we recommend that contributors consult the disclosure documents for the plan before contributing, and we provide instructions for accessing the document. We also include general disclaimers about consulting financial, tax, or other advisors before giving. We believe that issuing plan disclosure documents to all third-party contributors would be overly burdensome and unnecessary given there is no privity of contract between third-party contributors and the plan issuer, and that the

legal disclaimers currently used on the platform are sufficient to advise givers of their relationship to the 529 plan and any potential risks of giving.

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Thank you again for providing us an opportunity to comment on the Notice. We hope these observations are helpful as the MSRB considers possible rulemaking. Please do not hesitate to contact us with any questions or for more information. You may reach the Ascensus legal team by contacting Christal Fenton at christal.fenton@ascensus.com.

Sincerely,



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